

Quanex Building Products Corporation Fiscal 2009 Fourth Quarter and Annual Results

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Better Than Expected Seasonal Demand in the Quarter
Fourth Quarter \$0.41 Diluted EPS from Continuing Operations
\$124 Million Cash and Equivalents
Company Outperformed its Market for the Quarter and Year

HOUSTON, Dec. 3, 2009 (GLOBE NEWSWIRE) -- Quanex Building Products Corporation (NYSE:NX) today reported fiscal fourth quarter 2009 and full-year fiscal 2009 results for the period ending October 31. With fourth quarter net sales of \$194.9 million, Quanex reported income from continuing operations of \$15.3 million, which included \$0.7 million of after-tax LIFO income primarily associated with its Aluminum Sheet Products segment. Earnings from continuing operations were \$0.41 per diluted share in the quarter, which included \$0.02 per diluted share of LIFO income. The company reported seasonal demand was better than expected at its two operating segments -- Engineered Products and Aluminum Sheet Products. Also, fourth quarter results benefitted from a better than anticipated aluminum spread (sales less material costs).

For the fiscal year, the company's net sales were \$585.0 million. The loss from continuing operations was \$137.1 million, which included an after-tax impairment charge of \$141.4 million and after-tax LIFO income of \$4.8 million. Loss from continuing operations was \$3.67 per diluted share, which included \$3.79 per diluted share of impairment charges and \$0.13 per diluted share of LIFO income. Excluding impairment charges and LIFO income, the company had a fiscal 2009 loss of \$0.01 per diluted share from continuing operations.

Quarterly and Annual Highlights

- * Net sales for the quarter and the year were \$194.9 million and \$585.0 million, respectively.
- * Consolidated operating income for the quarter and the year were \$20.3 million and a loss of \$180.1 million, respectively.
- * Company booked \$182.6 million of pre-tax impairment charges in the first half.
- * Capital expenditures were \$3.3 million and \$16.2 million for the quarter and year, respectively.
- * Cash provided by operating activities was \$60.5 million for the year.
- * Cash and equivalents totaled \$123.6 million

Commentary

ENGINEERED PRODUCTS (in millions)

	4th qtr 2009	4th qtr 2008	FY 2009 (1)	FY 2008
	-----	-----	-----	-----
Net sales	\$ 99.9	\$ 112.9	\$ 323.3	\$ 407.9
Operating income	\$ 15.2	\$ 10.1	\$ (141.4)	\$ 29.9

(1) Fiscal 2009 operating income includes non-cash impairment charges of \$162.2 million.

Engineered Products is focused on providing leading OEM window and door customers with value-added fenestration components, products, and systems. Key market drivers are U.S. residential housing starts and remodeling activity.

"The U.S. residential new housing market dropped 30% in our fourth quarter compared to a year ago, while residential remodeling activity was estimated to be off about 10%," said David D. Petratis, president and chief executive officer of Quanex Building Products. "The Engineered Products segment outperformed the overall market with fourth quarter sales down 12% from the year ago period. Our sales performance was better than expected as the seasonal pick-up we experienced in residential building and remodeling activity in the third quarter carried through our fourth quarter, with October sales particularly noteworthy. We also saw our OEM customers capture additional residential remodeling and repair business. The segment's operating income was a healthy \$15.2 million, 50% higher than the year ago quarter, the result of stronger shipments, better mix and higher average selling prices."

"We are pleased with the relatively strong performance of Engineered Products, particularly in the second half of the year, and although difficult to quantify, we do believe the segment benefited from the \$1,500 energy tax credit window program and the \$8,000 first time homebuyer's tax credit that was recently extended through June 2010. However, our view of the overall housing market remains guarded, and we expect the first half of fiscal 2010 to be challenging. We will continue to conservatively size our business and inventories, consistent with how we operated in 2009."

ALUMINUM SHEET PRODUCTS (in millions)

	4th qtr 2009	4th qtr 2008	FY 2009 (1)	FY 2008
	-----	-----	-----	-----
Net sales	\$ 98.3	\$ 139.0	\$ 273.7	\$ 479.9
Operating income	\$ 9.9	\$ 12.6	\$ (26.4)	\$ 40.3
Shipped pounds	78	81	223	285

(1) Fiscal 2009 operating income includes a non-cash impairment charge of \$20.4 million.

Aluminum Sheet Products is a leading provider of common alloy aluminum sheet products for the building & construction, transportation and other consumer durable markets. Key market drivers are U.S. residential housing starts and remodeling activity.

"Average aluminum prices were up in the fourth quarter compared to our sequential third quarter, which generally benefits our aluminum spread (sales less material costs). Spread was up 10% over the third quarter, better than we anticipated, but down 16% from the fourth quarter last year," Petratis said. "Shipments in the quarter were very healthy at 78 million pounds, off just 3% from the year ago quarter, while shipments in the aluminum market where we compete were down 23% over the same period. Compared to the sequential third quarter, our fourth quarter shipped pounds were up an impressive 21%. Our strong shipments were attributable to a further uptick in seasonal demand, and ongoing short lead-time sales opportunities."

Cash Position

"At fiscal year end, we had a cash balance of \$124 million and the company remained essentially debt-free," Petratis said. "Generating healthy cash flows was a top priority for us throughout 2009, and will remain so for 2010. Cash from operations for the year was a very respectable \$60.5 million given the historically depressed year. Our uses for cash will be to continue to fund organic growth opportunities, make strategic acquisitions, and when appropriate, raise our common stock dividend and repurchase outstanding shares."

Fiscal 2010 Business Outlook

"High unemployment, relatively high inventories of new and existing homes for sale, and high rates of foreclosures will continue to be a drag on our business for the next twelve months. However, we do believe both new home construction and remodeling activity bottomed during fiscal 2009, and we expect slightly better sales and improved earnings in 2010 compared to 2009. We expect the first half of 2010 to be challenging and it is uncertain as to how long our end markets

will remain at depressed levels, so we must continue to operate our businesses with reduced staffs and minimal levels of materials," said Petratis. "This uncertainty carries through to our ability to precisely estimate segment operating income for fiscal 2010."

"At this time, we expect Engineered Products to earn \$25 million to \$30 million in operating income in 2010, predominantly in the second half. Improved earnings in 2010 compared to 2009 will come from a combination of new product opportunities, new customers, and modest improvements in our two end markets."

"We expect Aluminum Sheet Products to earn about \$10 million in operating income in 2010, predominantly in the second half. Our 2010 guidance assumes an aluminum spread generally in-line with 2009, and slightly higher shipments. This guidance represents an improvement over 2009 results that were negatively impacted by about \$13 million in the first half due to high scrap inventories combined with a dramatic fall in aluminum prices. While it is problematic to predict aluminum prices, we do not expect aluminum prices to fall 60% again in 2010, nor do we expect to be impacted by high scrap inventories to the extent we were in 2009.

"Financial guidance for Engineered Products and Aluminum Sheet Products exclude estimated corporate expenses of \$23 million and any impact from LIFO. Additionally, fiscal 2010 estimates for capital expenditures, and depreciation & amortization are \$22 million and \$30 million, respectively," concluded Petratis.

Non-GAAP Financial Measures

Income from Continuing Operations Excluding LIFO

Income from continuing operations excluding LIFO, impairments and separation related costs are non-GAAP financial measures. The Company believes these non-GAAP financial measures provide a consistent basis for comparison between quarters and enhances the understanding of the performance of its operations.

Set forth below is a reconciliation of reported income from continuing operations and reported diluted earnings per share from continuing operations to income from continuing operations excluding LIFO, impairments and separation related costs and diluted earnings per share from continuing operations excluding LIFO, impairments and separation related costs. The Company does not intend for this information to be considered in isolation or as a substitute for other measures prepared in accordance with GAAP.

(in millions except diluted EPS)	Three months ended October 31,			
	2009		2008	
	Income	Diluted EPS	Income	Diluted EPS
Income (loss) from continuing operations, as reported	\$ 15.3	\$ 0.41	\$ 15.0	\$ 0.40
LIFO charge (income)	(0.7)	(0.02)	(3.1)	(0.08)
Impairment of goodwill and intangibles	--	--	--	--
Charges associated with the Company's Separation (stock-based compensation, transaction costs and other)	--	--	--	--
Income (loss) from continuing operations, excluding special items	\$ 14.6	\$ 0.39	\$ 11.9	\$ 0.32

	=====	=====	=====	=====
Diluted weighted average common shares outstanding (in thousands)		37,698		37,466

	Twelve months ended October 31,			

(in millions except diluted EPS)	2009		2008	
	-----		-----	
	Net	Diluted	Net	Diluted
	Income	EPS	Income	EPS
	-----	-----	-----	-----
Income (loss) from continuing operations, as reported	\$ (137.1)	\$ (3.67)	\$ 15.9	\$ 0.41
LIFO charge (income)	(4.8)	(0.13)	0.2	0.01
Impairment of goodwill and intangibles	141.4	3.79	--	--
Charges associated with the Company's Separation (stock-based compensation, transaction costs and other)	--	--	14.7	0.38
	-----	-----	-----	-----
Income (loss) from continuing operations, excluding special items	\$ (0.5)	\$ (0.01)	\$ 30.8	\$ 0.80
	=====	=====	=====	=====

Diluted weighted average common shares outstanding (in thousands)		37,335		38,528
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Dividend Declared

The Board of Directors declared a quarterly cash dividend of \$0.03 per share on the company's common stock, payable December 31, 2009, to shareholders of record on December 18, 2009.

Corporate Profile

Quanex Building Products Corporation is an industry-leading manufacturer of engineered materials, components and systems serving the U.S. residential window and door markets. It is an ROIC-driven company that grows shareholder returns through a combination of organic growth via new products and programs, and strategic acquisitions.

Financial Statistics as of 10/31/09

Book value per common share: \$11.22; Total debt to capitalization: 0.5%; Actual number of common shares outstanding: 37,650,312.

Definitions

Book value per common share -- calculated as total stockholders' equity as of balance sheet date divided by actual number of common shares outstanding;

Total debt to capitalization -- calculated as the sum of both the current and long term portion of debt, as of balance sheet date, divided by the sum of both the current and long term portion of debt plus total stockholders' equity as of balance sheet date.

Statements that use the words "expect," "should," "believe," "will," "might," or similar words reflecting future

expectations or beliefs are forward-looking statements. The statements found above are based on current expectations. Actual results or events may differ materially from this release. Factors that could impact future results may include, without limitation, the effect of both domestic and global economic conditions, the impact of competitive products and pricing, and the availability and cost of raw materials. For a more complete discussion of factors that may affect the company's future performance, please refer to the company's 10-K filing on December 18, 2008, under the Securities Exchange Act of 1934, in particular the section titled, "Private Securities Litigation Reform Act" contained therein.

For additional information, visit the company's website at www.quanex.com.

QUANEX BUILDING PRODUCTS CORPORATION
INDUSTRY SEGMENT INFORMATION
(In thousands)
(Unaudited)

Three months ended October 31,			Twelve months ended October 31,	
2009	2008		2009	2008
		Net Sales:		
\$ 99,900	\$ 112,866	Engineered Products	\$ 323,319	\$ 407,896
98,309	139,037	Aluminum Sheet Products	273,728	479,925
198,209	251,903	Building Products	597,047	887,821
(3,270)	(5,558)	Eliminations	(12,037)	(18,888)
\$ 194,939	\$ 246,345	Net Sales	\$ 585,010	\$ 868,933
=====	=====		=====	=====
		Operating Income*:		
\$ 15,160	\$ 10,101	Engineered Products	\$ (141,361)	\$ 29,882
9,879	12,565	Aluminum Sheet Products	(26,416)	40,260
25,039	22,666	Building Products	(167,777)	70,141
(4,769)	1,332	Corporate and Other	(12,304)	(49,161)
\$ 20,270	\$ 23,998	Operating Income(Loss)	\$ (180,081)	\$ 20,981
=====	=====		=====	=====

* Operating income reflects non-cash impairment charge of \$182,562:

	Twelve Months Ended October 31, 2009
	----- (In thousands)
Engineered Products	\$ (162,173)
Aluminum Sheet Products	\$ (20,389)
Total impairment loss	----- (182,562) =====

QUANEX BUILDING PRODUCTS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)
(Unaudited)

Three months ended October 31,			Twelve months ended October 31,	
2009	2008		2009	2008
\$194,939	\$246,345	Net sales	\$ 585,010	\$868,933
		Cost of sales		
149,288	199,080	(exclusive of items shown separately below)	489,348	717,376
17,307	14,822	Selling, general and administrative expense	60,466	95,504
--	--	Impairment of goodwill and intangibles	182,562	--
8,074	8,445	Depreciation and amortization	32,715	35,072
20,270	23,998	Operating income (loss)	(180,081)	20,981
(93)	(124)	Interest expense	(453)	(480)
80	312	Other, net	407	5,188
		Income (loss) from continuing operations		
20,257	24,186	before income taxes	(180,127)	25,689
(4,926)	(9,176)	Income tax benefit (expense)	43,036	(9,785)
15,331	15,010	Income (loss) from continuing operations	(137,091)	15,904
--	--	Income (loss) from discontinued operations, net of taxes	--	5,675
\$ 15,331	\$ 15,010	Net income (loss)	\$(137,091)	\$ 21,579
=====	=====		=====	=====
		Basic earnings per common share:		
		Earnings (loss) from continuing operations	\$ (3.67)	\$ 0.43
\$ 0.41	\$ 0.40	Income (loss) from discontinued operations	\$ --	\$ 0.15
		Basic earnings (loss) per common share	\$ (3.67)	\$ 0.58
		Diluted earnings per common share:		
		Earnings (loss) from continuing operations	\$ (3.67)	\$ 0.41
\$ 0.41	\$ 0.40	Income (loss) from discontinued operations	\$ --	\$ 0.15

		Diluted earnings		
\$ 0.41	\$ 0.40	(loss) per share	\$ (3.67)	\$ 0.56
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		Weighted average		
		common shares outstanding:		
37,338	37,333	Basic	37,335	37,274
37,698	37,466	Diluted	37,335	38,528

QUANEX BUILDING PRODUCTS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

Oct. 31, 2009		Oct. 31, 2008
-----	-----	-----
	Assets	
\$123,634	Cash and equivalents	\$ 67,413
80,171	Accounts receivable, net	101,211
46,525	Inventories, net	63,848
20,611	Deferred income taxes	10,932
5,264	Other current assets	6,239
-----	-----	-----
276,205	Total current assets	249,643
142,810	Property, plant and equipment, net	157,389
42,923	Deferred income taxes	3,875
25,189	Goodwill	196,338
47,359	Intangible assets, net	62,476
9,114	Other assets	11,126
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\$543,600	Total assets	\$680,847
=====	=====	=====
	Liabilities and stockholders' equity	
\$ 67,010	Accounts payable	\$ 79,512
30,329	Accrued liabilities	38,316
323	Current maturities of long-term debt	363
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97,662	Total current liabilities	118,191
1,943	Long-term debt	2,188
6,655	Deferred pension and postretirement benefits	3,092
1,767	Non-current environmental reserves	2,485
13,047	Other liabilities	7,063
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121,074	Total liabilities	133,019
422,526	Total stockholders' equity	547,828
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\$543,600	Total liabilities and stockholders' equity	\$680,847
=====	=====	=====

QUANEX BUILDING PRODUCTS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOW
(In thousands)
(Unaudited)

		Twelve months ended October 31,

		2009
		2008

Operating activities:		

Net income (loss)	\$(137,091)	\$ 21,579
Income from discontinued operations	--	(5,675)
	-----	-----
Net income from continuing operations	(137,091)	15,904
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation and amortization	32,784	35,111
Impairment of goodwill and intangibles	182,562	--
Deferred income taxes	(43,608)	2,984
Stock-based compensation	3,429	26,378
	-----	-----
	38,076	80,377
Changes in assets and liabilities, net of effects from acquisitions, dispositions and the Separation:		
Decrease (Increase) in accounts receivable	18,636	(21,495)
Decrease (Increase) in inventory	16,494	(10,398)
Decrease (Increase) in other current assets	(168)	(390)
Increase (Decrease) in accounts payable	(12,306)	11,406
Increase (Decrease) in accrued liabilities	(3,154)	(3,285)
Increase (Decrease) in income taxes	(892)	1,088
Increase (Decrease) in deferred pension and postretirement benefits	(407)	(2,515)
Other, net	4,212	(1,824)
	-----	-----
Cash provided by (used for) operating activities from continuing operations	60,491	52,964
Cash provided by (used for) operating activities from discontinued operations	--	25,127
	-----	-----
Cash provided by (used for) operating activities	60,491	78,091
	-----	-----
Investing activities:		
Capital expenditures, net of retirements	(16,153)	(15,815)
Proceeds from property insurance claims	1,400	--
Other, net	(57)	(23)
	-----	-----
Cash provided by (used for) investing activities from continuing operations	(14,810)	(15,838)
Cash provided by (used for) investing activities from discontinued operations	--	34,113
	-----	-----
Cash provided by (used for) investing activities	(14,810)	18,275
	-----	-----
Financing activities:		
Repayments of long-term debt	(363)	(1,464)
Common dividends paid	(4,519)	(2,258)
Funding from Separation	15,401	32,735
Other, net	(11)	(302)
	-----	-----
Cash provided by (used for) financing activities from continuing operations	10,508	28,711
Cash provided by (used for) financing activities from discontinued operations	--	(46,183)
	-----	-----
Cash provided by (used for) financing activities	10,508	(17,472)

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Effect of exchange rate changes		
on cash and equivalents	32	(202)
LESS: (Increase) Decrease		
in cash and equivalents		
from discontinued operations	--	(13,057)
	-----	-----
Increase (Decrease) in cash and		
equivalents from continuing operations	56,221	65,635
Beginning of period cash and equivalents	67,413	1,778
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End of period cash and equivalents	\$ 123,634	\$ 67,413
	=====	=====

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